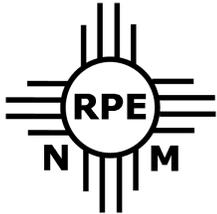


RPENM News



Board of Directors

Officers

Richard Baca
President

Sherry F Kearns
1st Vice-President

Josephine Raczkowski
2nd Vice-President

Isabel T Clendenin
Treasurer

LaRue Goodheart
Secretary

Board Members

Eley Bourguet
Wesley Brown
Carmen Chavez
Doug Crandall
Charles Miller
Paul Torres

Ex Officio Member

Loretta Naranjo-Lopez

Executive Director

Ann Crandall

RPENM Office

505-280-8459

RPENewMexico@aol.com

LETTER FROM YOUR PRESIDENT

When I became RPENM President in 2002, things were not looking good for the future of this venerable organization. Membership was declining, finances had been neglected, and service to the membership had all but been forgotten. RPENM had four executive directors in a very short period of time, which was not good for the stability of the organization. I am proud to say, that with the support of the board, hardworking RPENM volunteers, and chapters throughout the state, we are once again thriving and moving forward to a bright future! A big thanks to you, our supportive members, for helping us with our goal to protect our retiree benefits!

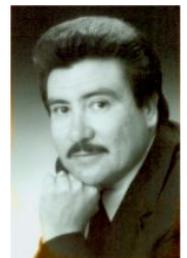
The primary purpose for RPENM is to monitor and protect the benefits from PERA and the NM Retiree Health Care Authority. As you know, in 2004 we had to go to battle to save the independence of RHCA, and we were ultimately successful! This coming year we will be working to protect the RHCA assets by placing them into an irrevocable trust fund that can never be used for any purpose but our health care. Our PERA fund is strong and sound at over 11 billion dollars, but throughout the country legislatures are looking to raid pension funds, or change them from a defined benefit plan (similar to PERA) to a much less secure defined

contribution plan. We are constantly vigilant for any such action here in New Mexico and our membership remains our strength in this effort.

Last year we increased our dues for the first time in over 20 years. I am pleased to say that less than 1% of our membership failed to renew their membership as a result of this increase. That loyalty bodes well for continued success. It also allows us to expand and create new benefits for our membership. Watch this newsletter for some exciting changes to come.

Our fall board meeting will be held in Ruidoso in November. All RPENM members are welcome to attend. We have successfully weathered some tough times, but there are many challenges ahead of us. I, as your President, am committed to working with the RPENM board, Chapters and general membership to see that we are up to every one of those challenges.

I hope you are having a safe and enjoyable summer. I am looking forward to seeing you in Ruidoso! ■



Richard Baca
President

RPENM ELECTS NEW BOARD OF DIRECTORS

Your new board of directors for RPENM were re-elected by acclamation for the year 2006-2007. Sworn in as President of RPENM was Richard Baca, Albuquerque, 1st Vice President Josephine Raczkowski, Rio Rancho, 2nd Vice President Sherry Kearns, Carlsbad; LaRue Goodheart, Secretary, Rio Rancho, and Isabel Clendenin, Treasurer. Doug Crandall will continue

as the appointed representative for RPENM to the Retiree Health Care Board. Thanks to each board member for the extensive time, dedication, and hard work required to keep RPENM working for all retirees! If you are interested in volunteering for RPENM, we would really appreciate your help! Contact Executive Director Ann Crandall for details! ■

ANNUAL SPRING MEETING A GREAT SUCCESS

The spring 2006 Annual Membership Meeting commenced in Las Cruces on Thursday May 18th with the board of directors meeting and continued Friday, May 19 with the General Membership Meeting. The meeting, which was held at the Ramada Palms Hotel, was considered a resounding success by all in attendance! In addition to attending the meeting, approximately 50 members from various cities and towns across the state enjoyed a free buffet breakfast and lots of good conversation with one another.

Marie Thames, RHCA Executive Director, was the featured speaker at the general membership meeting on May 19th. She spoke on the challenges facing NMRHCA in the near future, including working with the legislature to grant irrevocable trust status to the fund. After her presentation, Marie answered questions from the

audience, and then stayed on to listen to the rest of the meeting. Marie is also an RPENM member, and we appreciate her support of all retirees as well as our organization.

RPENM Chapter 2 deserves a "thank you" for hosting a reception held at the Ramada Palms on Thursday, May 18th after the board meeting. We had a great time with excellent food and drink, and good conversation.

One highlight of the meeting was a lively discussion between Wesley Brown, Raton, and Marie Thames, RHCA Executive Director, on the proper way to brand a steer. ■



Marie Thames
RHCA Director

RETIREE HEALTH CARE NEWS

Big changes continue at the New Mexico Retiree Health Care Authority. In July, the board hired its first ever investment consultant. Prime Consultants, a local firm affiliated with UBS, one of the largest money management firms was hired to develop an asset allocation plan, as well as to recommend different investment options. Vern Curtis, former Chief Investment Officer for PERA and Pete Edmonds of Albuquerque will be the primary contacts in this project.

The RHCA held their annual retreat in Ruidoso in conjunction with its August meeting. Topics for the retreat included an overview of fiduciary responsibility. There were discussions on the unfunded liabilities of the plan and about

developing a legislative strategy to establish an irrevocable trust to protect the authority's assets. Another topic on the agenda was a recommendation to adopt a new formula for entities who wish to join the health care authority. According to RHCA actuaries, the current formula is woefully inadequate and, if continued, could jeopardize the solvency of the fund. The board agreed to the recommendation and a formal rules hearing will be held this fall to adopt the new formula. ■



Doug Crandall

RHCA & RPENM
Board Member

MEMBER AND CHAPTER NEWS

Over 200 Membership renewal forms and letters were sent to our annual members in June, 2006. As of this newsletter, over 90% of the annual membership has already renewed. Several annual members signed up for 2007 auto-deduction, which is great for RPENM! After years of decline, our membership is now stable and slowly gaining again. Current membership is 3,160, with more new members joining at a steady pace.

Sherry Kearns, RPENM Board Member Chapter Chair in Carlsbad, gave a report of an Ice Cream Social held by her membership, which resulted in

new membership for RPENM. Thanks for the great idea for a membership drive!

Manuel Gonzales, Chair of Chapter 18 in Gallup, brought in a dozen new signed membership forms to the meeting! Thank you, Gallup, for your hard work and support of RPENM and for this outstanding recruiting effort! Manuel is to be personally congratulated for his commitment and support to RPENM for many years, by serving on the board of directors as well as being very active in his chapter. ■

MESSAGE FROM THE EXECUTIVE DIRECTOR

With summer in full swing, I have been reflecting upon my term as Executive Director for the past two years. I see how vastly improved RPENM has become as we have faced many challenges to protect our treasured retirement benefits. As stated elsewhere in this newsletter, public retirement funds are currently facing legislative attempts to change and/or eliminate retirement plans all over the country. One of the biggest issues in New Mexico is to find a way to increase our revenues for the Retiree Health Care Authority. The good news is that RHCA has recently re-convened its Investment Committee, and they are moving forward in the right direction by hiring a consultant (similar to PERA's) to assist us with our investments. With health care costs spiraling upward, we must invest our \$165M in assets properly to ensure solvency for our current and future membership.

I need your help in assuring RPENM will continue to grow and prosper. We need committed retirees to volunteer for our vacant board positions and committee assignments. I see the same faces volunteer for positions year after year, and if this continues, we will all be facing a serious "burn out" factor from the current board of directors very soon. We all have busy lives, it just takes the commitment to make time to become involved! At present, the Executive Director is the only paid RPENM employee; the board of directors and committee members are all volunteers. It is so easy to take our

generous retirement and health care benefits for granted! RPENM is the only retiree organization that actively works to protect our PERA retirement. In 2004 we filed a lawsuit with NMAER, (the educational retirees) against the State to ensure our health care agency remains an independent entity and not under state control. We were successful in our endeavor, and it is clearly evident that had RPENM not acted on this issue, the RHCA board would no longer be an independent agency and our \$165M fund would have been swallowed up by the State of New Mexico General Services Department. Future challenges are always on the horizon. Won't you help? If you wish to volunteer, please contact me at 280-8459. If you can't give your time, please help us in recruiting! I will be happy to send new member information and forms to you if you contact me.

And, finally, a very big thanks to those of you who are currently volunteering for RPENM who give your time, energy, and commitment to all PERA retirees!

I hope to see all of you at the fall meeting in Ruidoso, New Mexico, on November 2nd! Have a Safe and Happy Summer! ■



Ann Crandall
Executive Director

IN MEMORIAM

Rick Mack, a well respected and loyal RPENM member and board member, passed away in June 2006 after a long illness. Rick's memorial service was held at the Albuquerque Botanical Gardens, with over 200 friends and family in attendance. Rick was a

great friend to us. He worked hard for retirees as an RPENM board member and as our appointed representative to the RHCA board. Rick will be deeply missed by us all. ■

UPDATED RPENM BY LAWS PASSED BY MEMBERSHIP

At the spring meeting in Las Cruces, significant changes were proposed to our RPENM Bylaws, including new guidelines for chapters. With the exception of one dissenting vote, both passed overwhelmingly. These Bylaws and Chapter Guidelines were approved by the Board of Directors at the 2005 Fall Board Meeting, and were mailed to

all RPENM membership in our spring 2006 Newsletter. These new bylaws and chapter guidelines will help RPENM become a more professional organization. If you wish to obtain a copy of the new bylaws, please contact Executive Director Ann Crandall. ■

ALASKA LOSES DEFINED BENEFIT RETIREMENT PLAN

New Retirement Plans Mirror Private Sector

Ann and Doug Crandall attended a public pension fund conference in Las Vegas, Nevada in April 2006 that was sponsored by Information Management Network. Doug chaired the conference, which was attended by public sector retirees and money managers from all over the country. The conference provided excellent information for retirees, but much interest was focused on the issue of public sector employers and employees battling over the future of their retirement plans. In Alaska, lawmakers voted last year to eliminate their "defined benefit" pension plan, which provides monthly checks with a set amount (plus incremental cost of living raises if applicable) for the lifetime of each retiree, which is similar to the plan administered to our New Mexico PERA retirees. Now in Alaska, current public employees and retirees will be allowed to keep their "defined benefit" plan, but future retirees will be subject to a "defined contribution" plan, which is similar to a 401 (k). In the proposed defined contribution plan, employees will contribute 8 percent of their pretax pay into an individual retirement savings account, which their employer will partly match with a 5% contribution. These funds will then be invested in any of 10 stock or bond funds as allocated by the employee. This type of plan is similar to most offered by the private sector, but has several very clear drawbacks: (1) their monthly pension is not a guaranteed amount; (2) their monthly pension is determined by the whim of the stock market, and; (3) many retirees are not familiar enough with the process of investing stocks to make prudent investments. The State of Alaska sold this plan to their legislative body with the presumption that the fund will operate at a lower cost, and an individual may be responsible for his or her own retirement future. Similar attempts to switch to defined

contribution plans have occurred in many states including California, Colorado, and Michigan. The state of Nebraska, which switched to a "defined contribution" plan in the 1960's, has since returned a traditional defined benefit plan largely due to low returns being earned on individual accounts for their members.

This switch to defined contribution plans follows the trend in the private sector, where only one-third of new employees at large companies are covered by a traditional pension plan as compared with 80 percent just two decades ago. By comparison, 90 percent of government workers still have a defined benefit pension plan, similar to PERA, according to the Employee Benefit Research Institute.

The RPENM board of directors strongly opposes any change in our current defined benefit retirement plan as administered by PERA. Our excellent PERA retirement package is one very strong attraction to employees in the government sector, many who worked for many years for less than average wages compared to private sector employees for a trade off for great retirement and health care benefits. The movement to privatize pensions threatens the middle-class lifestyle of people who have worked hard all their lives in the public sector. Fortunately for New Mexico, we have RPENM to carefully monitor any legislation that may be introduced at the state legislature that affects our pension or health care benefits. One retiree at the conference from the state of Alaska, very upset at the change in his retirement plan, stated, "The bill to change our benefit plan was passed in the middle of the night at the state legislature. Our retirees were simply not paying attention. It will be almost impossible to change it back now to a defined benefit plan since the water is under the bridge." ■

PERA NEWS

According to PERA and RPENM Board Member Loretta Naranjo Lopez, there were 20,730 PERA retirees as of June 30, 2004. The average pension was \$19,899 and the average age was 65.7 years. Men outnumber women, and women have the lowest retiree benefits.

The PERA building in Santa Fe has been sold to the state of New Mexico, and the board is currently

looking at options for a new location. PERA assets remain strong, approaching \$11 billion. This is nearly a 35% increase in assets since 2000. Less than 15 years ago, the total PERA fund was worth less than \$2 billion! Our thanks to the PERA board for doing a wonderful job! ■

COMMENTARY: SAFEGUARDING OUR PENSIONS

By Dan Klein

Everyone who is a PERA retired member knows what a great pension we have. The folks who run our fund at PERA have done a great job of growing our money and protecting our investments. Last I checked I believe the PERA fund has approximately \$10 billion dollars in it! The customer service from PERA employees is top notch. The folks at PERA should be commended by all of us.

With that said, we as PERA members cannot sit back and let others run our pensions. A big reason PERA is doing so well is because PERA members take an active interest in our fund. This is after all our money and we will depend upon it for the rest of our lives. What is the best way for PERA members (retired and active) to get involved in what goes on at PERA? To join Retired Public Employees of New Mexico! This group is the only organization that will work on the behalf of PERA members to protect their fund and their interests. I urge everyone who gets this newsletter to make it a mission to sign up one new member with RPENM. RPENM is open to both active and retired members of PERA. We need to work to make this organization larger and stronger, so that when we speak the governor, legislature and PERA Board listens. Please recruit at least one new member today.

What are some of the upcoming issues that I think we need to be concerned with at PERA?

First, is the sale of the PERA building in Santa Fe. I don't have a problem with this sale so long as the money we get completely covers the cost of

the land and new building. The PERA retirement fund should NOT be used to purchase the land or build the building. The retirement fund is our pensions, not a building fund. If the new building cannot be built in Santa Fe for the purchase price of the old one then the PERA Board needs to look at building somewhere in the state where the cost will be covered. Santa Fe is the most expensive real estate market in the state. I hope the PERA Board has some information coming out to the members soon regarding this issue.

Second, the moratorium regarding future enhancements and entitlements to the PERA fund needs to be continued. Sometimes we have to protect our pensions from ourselves. Each legislative session more and more groups want a 20 year pension or other enhancement. These are the kinds of actions that can weaken our pension fund. PERA asked for a moratorium two years ago and I believe it should be continued indefinitely.

Third, effective January 2007 returning retirees will have 100% of their contributions paid for by their employer. RPENM must ensure that these employers do not attempt to lobby the legislature to not fully fund PERA. PERA must always be fully funded by all employers and employees, anything less would lead our fund to ruin.

With so many public and private pensions currently failing we should be thankful that PERA is doing so well. That does not mean we can rest, we must be ever vigilant in protecting our pensions from anything that would weaken the fund. ■

Dan Klein, a RPENM Member, retired in 2003 from service with the Albuquerque Police Department.

FALL BOARD MEETING TO BE HELD IN RUIDOSO

Mark your calendars now! The 2006 Fall Board Meeting has been scheduled for Thursday, November 2, 2006, at the Hawthorne Suites in Ruidoso, New Mexico. Rooms will be available for RPENM members on Wednesday November 1 and Thursday November 2, with check out Friday November 3rd. A deluxe double queen room rate will be \$69 for single occupancy and \$10 for each additional occupant.

Reservations must be made by October 1,

2006 with Hawthorne Suites, 1-866-211-7727. When calling, be sure to identify yourself as a member of RPENM to receive your special government rate of \$69.

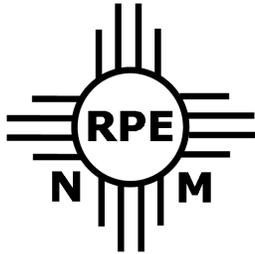
Our board meeting will be held at the Ruidoso Convention Center on Thursday, November 2nd, which is within walking distance from the hotel. All RPENM members are welcome to attend, and we look forward to a wonderful turnout! ■

RETIRED PUBLIC EMPLOYEES OF NEW MEXICO

PO Box 20607
ALBUQUERQUE NM 87154-0607

Phone: 505-280-8459
E-mail: RPENewMexico@aol.com
WWW: www.rpenm.org/

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*Serving New Mexico's Retired
Public Employees Since 1963*

NOTE → **YOUR MEMBERSHIP IS PAID!** **←NOTE**
(Please pass this membership form on to friends or family who might want to join.)



First: Please fill out the Member Information box below.
Second: Select your payment option below and follow the instructions for that option.

MEMBER INFORMATION	PLEASE PRINT
Name*:	_____
Address*:	_____ _____
City*:	_____ State*:
	_____ Zip*:
Telephone #:	_____
	* = Required Information

Payment Option #1: Enclose a check or money order for \$24, payable to RPENM to cover your first years dues. Return this form with your payment to the address below. You will be billed once a year thereafter.

-- OR --

Payment Option #2: Please deduct my \$24 dues payment from my July retirement distribution unless and until I notify PERA in writing to cancel this deduction.

_____ Date *

-- # # -- [] [] [] []
Last 4 Digits of Your Social Security Number *

Mail this completed form to the address at left.

*** Signature and SSN (Last 4) required for this option.**

Mail to: RPENM
PO Box 20607
Albuquerque NM 87154-0607